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April 9, 2002 LB 921

SPEAKER KRISTENSEN: (Visitors introduced.) We now proceed to General File, Speaker priority bills, LB 921, and for a note in terms of scheduling, we will schedule LB 994A right after LB 994. Mr. Clerk.

CLERK: Mr. President, LB 921. (Read title.) It was introduced on January 9 of this year, at that time referred to the Business and Labor Committee, advanced to General File. I do have committee amendments, Mr. President.

SPEAKER KRISTENSEN: Senator Connealy, chair of the committee, you're recognized to open.

SENATOR CONNEALY: Thank you, Mr. Speaker, members. The Business and Labor Committee introduced this bill on behalf of the Department of Labor. It makes clarifications in Nebraska's unemployment security statutes. This bill codifies what has been a longstanding policy and practice of the Department of Labor. The changes are necessary to eliminate confusion in definitions concerning the employer and employee relationships for unemployment compensation purposes. The unemployment statutes state that an employee leasing company is one that actually provides employees to business clients. However, there are no known employee leasing companies in the state that provides employees, only certain payroll and administrative services, even though such companies call themselves leasing companies. In fact, the courts have held that they do not meet the statutory requirement for unemployment compensation purposes. Two problems arise because of the confusion in definitions. Some employers who believe that they meet the statutory requirement file their unemployment tax returns incorrectly, claiming and paying taxes for workers that aren't theirs. And unemployment compensation tribunals that determine benefit awards will not follow industry practice by denying an employee-employer relationship for a client company, causing sometimes substantial inequities in the cost and validity of unemployment benefits. By replacing the term "employee leasing company" with "professional employer organization" or PEO, we will create in statute what leasing companies have become and are known in the industry. There are other clean-up provisions